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Financing of the International Residual Mechanism for Criminal Tribunals

First performance report of the International Residual Mechanism for Criminal Tribunals for the biennium 2016-2017

Report of the Secretary-General

Summary

The present report identifies revised estimates for the International Residual Mechanism for Criminal Tribunals as a result of variations in costing parameters assumed at the time of the initial appropriation. The decreased requirements are the result of decreases with respect to inflation and standard costs, offset in part by increases with respect to exchange rates and vacancy rates. The General Assembly is requested to approve a revised appropriation for the biennium 2016-2017 in the amount of $135,747,700 gross ($125,153,500 net), reflecting a decrease of $1,656,500 gross ($1,791,800 net).

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I. Introduction

1. The primary purpose of the first performance report is to identify revised estimates for the International Residual Mechanism for Criminal Tribunals owing to variations in the rates of inflation and exchange and in the standards and vacancy rates assumed in the calculation of the initial appropriation.

2. The gross decrease in requirements of $1,656,500 resulting from the above technical adjustments is shown in tables 1 and 2. Table 1 reflects the changes by component and main determining factors, and table 2 reflects the changes by object of expenditure and main determining factors.

3. Explanations of the variations in the costing parameters assumed in the calculation of the initial appropriation are provided in section II. In addition, the annex provides the budgetary assumptions used in the initial appropriation for the biennium 2016-2017 and the rates proposed in the present report.

Table 1
Summary of projected expenditures and income by component and main determining factors
(Thousands of United States dollars)

		Projected changes					
Component	*2016-2017 appropriation*[a]	*Exchange rate*	*Inflation*	*Standard costs*	*Vacancy rates*	*Total*	*Proposed revised appropriation*
A. Chambers	6 153.1	146.6	138.7	–	–	285.3	6 438.4
B. Office of the Prosecutor	19 636.0	321.6	(114.2)	(617.4)	115.9	(294.1)	19 341.9
C. Registry	101 200.1	1 258.1	(754.4)	(2 777.3)	797.7	(1 475.9)	99 724.2
D. Records management and archives	6 894.9	93.2	3.1	(333.3)	164.6	(72.4)	6 822.5
E. Liabilities for payment of pensions of retired judges	3 520.1	(37.9)	(61.5)	–	–	(99.4)	3 420.7
Total expenditure (gross)	**137 404.2**	**1 781.6**	**(788.3)**	**(3 728.0)**	**1 078.2**	**(1 656.5)**	**135 747.7**
Income							
Staff assessment income	10 458.9	169.8	(9.7)	(143.9)	119.1	135.3	10 594.2
Total (net)	**126 945.3**	**1 611.8**	**(778.6)**	**(3 584.1)**	**959.1**	**(1 791.8)**	**125 153.5**

[a] As approved in resolution 70/243.

Table 2
Summary of projected expenditures by object of expenditure and main determining factors
(Thousands of United States dollars)

Object of expenditure	*2016-2017 appropriation*[a]	*Projected changes*					*Proposed revised appropriation*
		Exchange rate	*Inflation*	*Standard costs*	*Vacancy rates*	*Total*	
Posts	40 957.9	171.2	197.1	(3 584.1)	959.1	(2 256.7)	38 701.2
Other staff costs	43 674.2	819.0	(629.2)	–	–	189.8	43 864.0
Non-staff compensation	8 453.1	118.2	94.6	–	–	212.8	8 665.9
Consultants	66.1	(0.7)	(1.2)	–	–	(1.9)	64.2
Experts	333.9	(1.6)	(5.5)	–	–	(7.1)	326.8
Travel of representatives	339.0	0.0	(2.0)	–	–	(2.0)	337.0
Travel of staff	2 513.6	0.0	(15.1)	–	–	(15.1)	2 498.5
Contractual services	8 952.2	165.0	(128.8)	–	–	36.2	8 988.4
General operating expenses	14 568.3	282.4	(209.2)	–	–	73.2	14 641.5
Hospitality	31.4	0.3	(0.6)	–	–	(0.3)	31.1
Supplies and materials	1 126.2	6.6	(17.7)	–	–	(11.1)	1 115.1
Furniture and equipment	4 044.0	50.2	(60.3)	–	–	(10.1)	4 033.9
Improvement of premises	51.9	1.2	(0.7)	–	–	0.5	52.4
Grants and contributions	1 833.5	–	–	–	–	–	1 833.5
Staff assessment	10 458.9	169.8	(9.7)	(143.9)	119.1	135.3	10 594.2
Total (gross)	**137 404.2**	**1 781.6**	**(788.3)**	**(3 728.0)**	**1 078.2**	**(1 656.5)**	**135 747.7**
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Total (net)	**126 945.3**	**1 611.8**	**(778.6)**	**(3 584.1)**	**959.1**	**(1 791.8)**	**125 153.5**

[a] As approved in resolution 70/243.

II. Explanation of the variances in gross requirements

4. The variances resulting from the main determining factors reflected in tables 1 and 2 amount to a decrease of $1,656,500 in expenditure requirements, for a total revised appropriation of $135,747,700 (gross). Details are as follows (in thousands of United States dollars):

Appropriation[a]	**137 404.2**	
Variances relating to changes in budgetary assumptions on:		
Exchange rates	1 781.6	Based on United Nations operational rates of exchange
Inflation assumptions	(788.3)	Based on consumer price indices, post adjustment multipliers promulgated and actual versus budgeted cost-of-living adjustments
Standard salary and common staff costs	(3 728.0)	Based on analysis of actual payroll data, common staff costs and staff assessment provisions
Vacancy rates	1 078.2	Based on analysis of actual vacancy rates
Revised total	**135 747.7**	

[a] As approved in resolution 70/243.

A. Exchange rates

(Increase: $1,781,600)

5. As indicated in the proposed budget for the biennium 2016-2017 for the International Residual Mechanism (A/70/378, para. 18), the proposed budget is recosted in line with the standard regular budget recosting methodology. In line with section IX of General Assembly resolution 69/274 A, the budgeted exchange rate approved in the initial appropriation was based on forward exchange rates for which an active forward rate exists, notably the euro. For the Tanzanian shilling, the latest operational rate of exchange was used, given that no active market with forward rates exists.

6. In the present report, the exchange rate realized from January to October 2016 has been applied to 2016, with the approved 2016 forward rate for the euro applied to November and December 2016. For 2017, the revised forward rate for the euro has been applied. In respect of the Tanzanian shilling, the latest operational rate for October was used for November and December 2016 and for 2017. The increase of $1,781,600 reflects requirements for the biennium 2016-2017 owing mainly to the depreciation of the United States dollar against the euro, offset in part by the appreciation of the United States dollar against the Tanzanian shilling (see figures I and II).

Figure I
Performance of the euro against the United States dollar, 2016

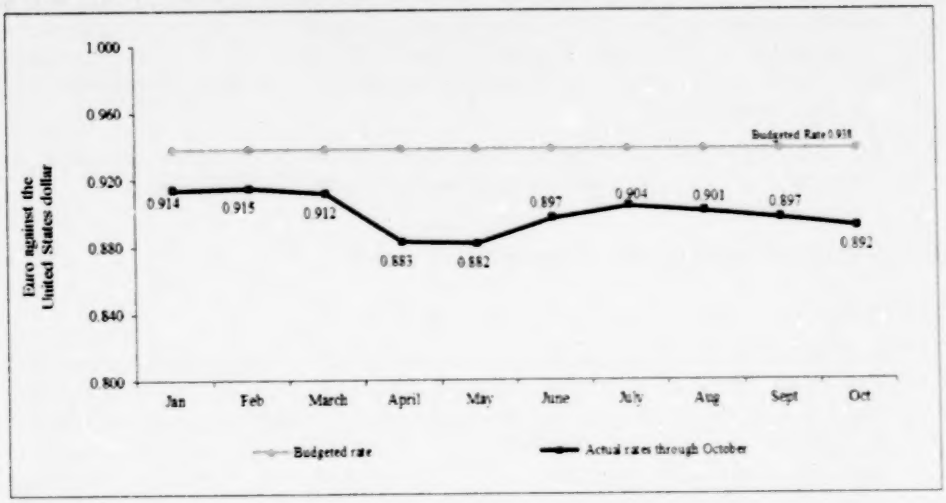
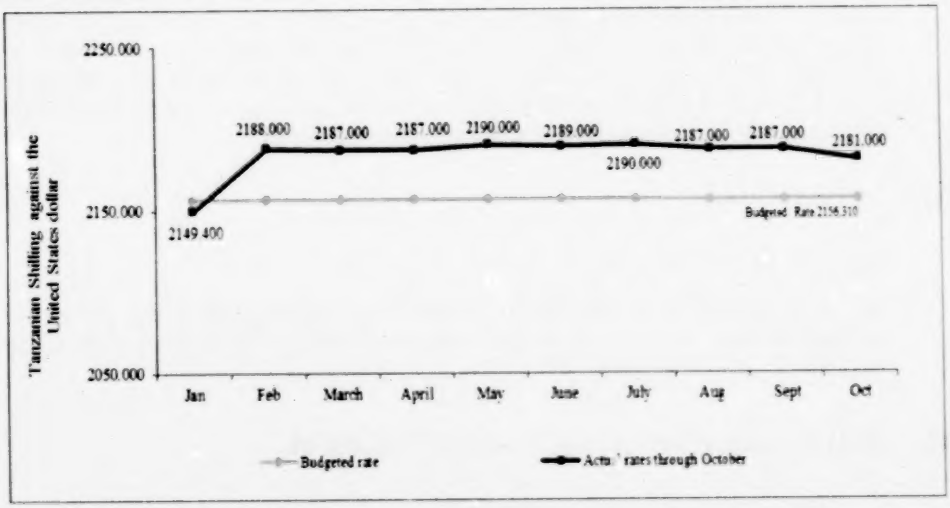


Figure II
Performance of the Tanzanian shilling against the United States dollar, 2016



B. Inflation assumptions

(Decrease: $788,300)

7. The revised projected inflation rates applied to all objects of expenditure for the International Residual Mechanism in Arusha, United Republic of Tanzania, and The Hague, Netherlands, are based on: (a) post adjustment multipliers that have been promulgated by the International Civil Service Commission (ICSC) for staff in

the Professional and higher categories for the period from January to October 2016 and projections by ICSC based on updated parameters for exchange rates and inflation; (b) actual versus budgeted cost-of-living adjustments based on prevailing market conditions for staff in the General Service and related categories as experienced in 2016 and projections for 2017; and (c) the latest available information on consumer price indices as derived from *The Economist* for non-post objects of expenditure.

8. The decreased requirements relate mainly to non-post objects of expenditure owing to lower inflation rates than those assumed in the initial appropriation.

C. Standard salary and common staff costs

(Decrease: $3,728,000)

9. The decrease of $3,728,000 reflects the net effect of adjustments to standard salary costs, common staff costs and staff assessment rates. Revisions to standard salary costs for 2016 are based on the actual payroll averages experienced thus far, by category and level, at each duty station. For the present report, the January to September 2016 monthly payroll averages from Arusha and The Hague have been analysed for each category and level and compared with those used in the initial appropriation. Projections for 2017 are based on the trends experienced in 2016.

10. Common staff costs are budgeted as a percentage of net salaries for each duty station. Expenditures under common staff costs relate to allowances and benefits, appointments, transfers and separation of staff. Adjustments to common staff costs are based on the analysis of actual common staff costs experienced at the two duty stations during the biennium 2014-2015, as well as the expenses thus far in 2016, compared with those assumed in the initial appropriation.

D. Vacancy rates

(Increase: $1,078,200)

11. The increase of $1,078,200 results from adjustments made to the 2016-2017 vacancy rates to take into account the experience realized in 2016, as reflected in the annex.

III. Action requested of the General Assembly

12. **The General Assembly is requested:**

(a) **To take note of the present report;**

(b) **To approve a revised appropriation for the biennium 2016-2017 in the amount of $135,747,700 gross ($125,153,500 net), reflecting a decrease of $1,656,500 gross ($1,791,800 net).**

Annex

Budgetary assumptions for the International Residual Mechanism for Criminal Tribunals for the biennium 2016-2017

	The Hague				*Arusha*			
	Initial appropriation		*Present report*		*Initial appropriation*		*Present report*	
Budget parameters	*2016*	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*	*2017*
Rate of exchange[a]	0.938	0.938	0.906	0.881	2 156.310	2 156.310	2 183.117	2 181.000
Inflation rate (percentage)	1.2	1.4	0.2	1.0	6.9	6.4	5.2	6.5
Post adjustment multiplier (percentage)	28.00	28.64	32.61	34.00	43.47	44.53	42.75	41.50
Common staff costs rate (percentage)	39.7	39.7	38.90	38.90	59.61	59.61	48.90	48.90
Vacancy rates for posts (percentage)								
Professional and higher categories	14.2	14.2	4.3	4.3	7.4	7.4	10.5	10.5
General Service and related categories	2.4	2.4	2.2	2.2	8.9	8.9	4.8	4.8

[a] The Hague: euro to United States dollar; Arusha: Tanzanian shilling to United States dollar.